

# GENERAL FUND REVENUE BUDGET MONITORING REPORT 2015/16 –

## POSITION AS AT 30<sup>TH</sup> NOVEMBER 2015

### Summary

The purpose of this report is to provide an update on the Council's General Fund Revenue Budget as at 30<sup>th</sup> November 2015. The report includes a narrative description of the most significant variances from the profiled latest budget and details any actions required to address these. Appendix A to this report shows the value of the most significant variances (those in excess of £5k) for all of the Council services by Committee and provides a brief explanation for each variance.

### 1. Background

- 1.1 The Council operates a system of Revenue Budget Monitoring which revolves around the production of detailed monthly monitoring reports for budget holders. Significant variances from the expected budget position at the point of monitoring, both for expenditure and income, are summarised in monitoring reports which are periodically reported to each Programme Committee for information purposes. This report therefore details the findings and issues emerging from budget monitoring carried out to 30<sup>th</sup> November 2015.
- 1.2 It should be noted that work continues on improving budget profiling across the Council in order that budget profiles more accurately reflect the spending pattern of individual budgets across the financial year. This serves to enhance budget monitoring and focus attention on true variances rather than budget profiling issues. This is a continuous process with budget holders so that the improved profiling continues to refine the budget monitoring system.
- 1.3 Council approved the 2015/16 budget at its meeting on 3<sup>rd</sup> March 2015. Subsequently on 22<sup>nd</sup> June 2015 Cabinet approved the Council's outturn position for 2014/15. The impact of those approvals, including savings and growth options approved at Council and slippage from 2014/15 approved at Cabinet, are now reflected in the Council's financial ledger.

### 2. Budget Rightsizing Exercise

- 2.1 In 2011/12 The Council's Management Team committed to carrying out an annual budget rightsizing exercise to analyse underspends which have occurred over the last 3 financial years and to adjust current and future year budgets to better reflect the level of resource requirement in the context of current financial constraints. This process was undertaken during the second quarter of 2015/16. The resulting changes to budgets were reflected in the revised Financial Forecast that was presented to the Council in December 2015 and have also now been reflected in the Council's financial ledger. Therefore this report monitors expenditure and income against the updated approved budgets.

### 3. Budget Areas to Note

As would be expected, because monitoring is being undertaken as a comparison to recently revised budgets, there are only a small number of variances from that revised position to note. The main variances are described below:

#### i. Employee Costs

The budget forecast which was approved by Budget Council in March 2015 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £75k per annum from 2015/16 onwards. The actual level of savings achieved in relation to direct employee costs for the current year are significantly in excess of this target and consequently the target for the current year was increased to £200k as part of the revised Financial Forecast that was presented to the Council in December 2015. As compared to this revised target the position as at November 30<sup>th</sup> is a further favourable variance of £64k. This budget will be kept under review during the remainder of the financial year.

#### ii. Sale of Sand (Sand-winning)

Income from the sale of sand has been significantly higher than the forecast amount. The income target for the current year was increased to £150k as part of the revised Financial Forecast that was presented to the Council in December 2015. As compared to this revised target the position as at November 30<sup>th</sup> is

a further favourable variance of £15k. This budget will be kept under review during the remainder of the financial year.

### **iii. Fleet (Fuel)**

Expenditure on fleet costs for the year to date shows a significant underspend on fuel as a result of lower wholesale diesel prices since July and improved driver awareness of economical driving techniques. The fleet budgets will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **iv. Car Parking Income**

Car park income has been higher than expected due to the favourable weather throughout most of the year to date and during the main visitor period. However with recent poorer weather conditions and the winter period approaching, income may reduce against the budgeted levels for the remainder of the financial year. The budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.

### **v. Crematorium Income**

During the first half of the year income from cremations was significantly higher than the budgeted level, and consequently as part of the budget right-sizing exercise the income budget for the crematorium was increased. During recent months income has not kept pace with the increased estimates. However, income is forecast to recover for the remainder of the year with a projected outturn close to the budgeted level. This budget will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **vi. Planning Application Fee Income**

Planning application fee income is dependent on the number and nature of applications received. A number of significant applications have been received towards the end of the last financial year and during the early part of this year which have created the current favourable variance. The budget was increased as part of the right-sizing exercise but subsequently further income in excess of the budget has been received. This budget will be kept under review during the remainder of the financial year and adjustments will be made to future updates to the Financial Forecast as necessary.

### **vii. Council Tax and Housing Benefits**

There are currently a number of significant variances on the various control accounts in respect of Council Tax and Housing Benefits, particularly Rent Allowance expenditure. However, as the majority of these are directly reimbursed from central government grant a large variance at year end is not currently anticipated and the variances have therefore been excluded from the variance analysis report. The position will be kept under review throughout the remainder of the year and a MTFS adjustment may follow.

## **5. Conclusions**

The Government have made it clear that it continues to be committed to a deficit reduction programme with the aim of significantly accelerating the reduction in the structural budget deficit of the Country. Local Government funding is therefore likely to continue to reduce as austerity measures remain in place. As a result, Management Team continue to make prudent cost-saving decisions and instructions remain in place that officers should not commit to any unnecessary expenditure and should seek to maximise efficiencies. This approach has a downward impact on costs incurred by the Council and may result in an under-spend against budget this year.

Regular budget monitoring reports such as this one are an integral part of the Council's financial monitoring framework. These will be available on the Council's website.

Finance staff work continuously with budget holders across the Council, and are heavily reliant upon budget-holders to be able to understand and quantify the potential impact of in-year hotspot variances within their areas of responsibility.

The financial risks facing the Council as set out in the Medium Term Financial Strategy presented periodically to Council still remain. Instructions issued by Management Team that budget holders are to remain prudent in order to mitigate against financial pressures are still in place.

**REVENUE MONITORING 2015/16 - to November 30th 2015 (Variances in excess of £5k)**
**Appendix A**

Key to indicators:

<b>GREEN</b>	Projected Favourable Outturn Variance - requires close monitoring and may be reported in the MTFS
<b>AMBER</b>	Possible Adverse Outturn Variance - requires close monitoring and may be reported in the MTFS
<b>RED</b>	Projected Adverse Outturn Variance - requires close monitoring and may be reported in the MTFS

Service Area	Detailed Description	Full Year Budget	Budget as at Period 8	Actual & Commitments as at Period 8	Variance as at Period 8	FAVOURABLE / ADVERSE	Variance	Indicator	Budget Holder	Budget Holder Comments
		£	£	£	£		%			

**FINANCE & DEMOCRACY COMMITTEE / CORPORATE CROSS CUTTING BUDGETS**

All Council services	Employee costs including basic pay, pension, NI, and overtime, plus agency costs	7,922,303	5,262,744	5,198,719	-64,025	FAVOURABLE	-1.2%	<b>GREEN</b>	Corporate	The budget forecast which was approved by Budget Council in March 2015 assumed reduced payroll costs as a result of 'turnover savings' (delays in the recruitment to vacant posts) of £75,000 per annum from 2015/16 onwards. Actual savings achieved in relation to direct employee costs for the current year have been in excess of this target and consequently the savings target was increased to £200,000 for 2015/16 and £100,000 for subsequent years as part of the Financial Forecast Update presented to Council in December 2015. Any further in-year savings may be reflected in future updates to the Financial Forecast.
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**FINANCE AND DEMOCRACY COMMITTEE**

Parliamentary Elections	Parliamentary Election Costs	83,584	83,584	68,896	-14,688	FAVOURABLE	-17.6%	<b>GREEN</b>	Hazel McNicoll / Tracy Morrison	The costs of running the May 2015 General Election have been finalised resulting in a favourable variance.
	Parliamentary Election Funding	-83,584	-83,584	-83,584			0.0%	<b>GREEN</b>		

**OPERATIONAL MANAGEMENT COMMITTEE**

Fleet	Fuel Costs	336,493	224,412	183,566	-40,846	FAVOURABLE	-18.2%	<b>GREEN</b>	Kathy Winstanley	Favourable underspend on fuel as a result of lower wholesale diesel prices since July and improved driver awareness of economical driving techniques.
Car Parks	Car Parking Fees	-500,012	-373,972	-441,367	-67,395	FAVOURABLE	-18.0%	<b>GREEN</b>	Andrew Loynd / Andrew Dickson	Income has been higher than expected due to the favourable weather throughout most of the year to date. However with recent poorer weather conditions and the winter period approaching income may fall below the projected levels for the coming months. This budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.

Appendix A - Cont'd

Service Area	Detailed Description	Full Year Budget	Budget as at Period 8	Actual & Commitments as at Period 8	Variance as at Period 8	FAVOURABLE / ADVERSE	Variance		Budget Holder	Budget Holder Comments
		£	£	£	£		%			

**TOURISM & LEISURE COMMITTEE**

Coast and Countryside	Sale of Sand (sandwinning)	-150,000	-95,415	-110,337	-14,922	FAVOURABLE	-15.6%	GREEN	Gary Sams/Andrew Dickson	The budget forecast which was approved by Budget Council in March 2015 assumed sandwinning income of £125,000 for 2015/16. Income during the year has been in excess of this target and consequently the income target was increased to £150,000 for 2015/16 as part of the Financial Forecast Update presented to Council in December. Any further in-year additional income may be reflected in future updates to the Financial Forecast.
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**ENVIRONMENT HEALTH & HOUSING COMMITTEE**

Homelessness	B&B	25,000	16,668	26,549	9,881	ADVERSE	59.3%	RED	Kirstine Riding	There has been an increase in demand for this service, in part resulting from revisions to legislation that now re-define those homeless persons who are entitled to access B & B accommodation through the Council. These changes have increased the overall cost of this service. This budget will be kept under review and adjustments will be made in future Financial Forecast Updates as necessary.
Cemetery & Crematorium	Interments	-180,000	-113,061	-95,969	17,092	ADVERSE	15.1%	AMBER	Alan Royston/ Darren Bell	The income forecasts for cremations was increased as part of the Financial Forecast Update presented to Council in December. In recent months income has reduced from the levels experienced earlier in the year and currently total income is below budget. However, income is forecast to recover for the remainder of the year with a projected outturn close to the budgeted level. This budget will be kept under review and adjustments will be made in future Financial Forecast updates as necessary.
	Cremations	-997,000	-627,394	-551,527	75,867	ADVERSE	12.1%	AMBER		

**DEVELOPMENT MANAGEMENT COMMITTEE**

Development Management	Planning Application Fees	-750,000	-647,017	-799,625	-152,608	FAVOURABLE	-23.6%	GREEN	Mark Evans	The Council has received a greater number of planning applications for major development than anticipated during the accounting period. This budget will be kept under review and adjustments will be made in future Financial Forecast updates as necessary.
Planning Appeals	Planning Appeal Hearing Costs	237,849	83,248	10,790	-72,458	FAVOURABLE	-87.0%	GREEN		Planning inquiry and appeal hearing costs have been minimal in the year to date. The service is aware that a number of appeals are pending that will incur costs this financial year. This budget will be kept under review and any necessary adjustments will be made in future Financial Forecast Updates.